

HOUSE BILL 634

K4

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CF SB 403

By: **Delegate Griffith (Chair, Joint Committee on Pensions)**

Introduced and read first time: February 9, 2011

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System – Reemployment Earnings Offset –**
3 **Retiree Health Care Premiums**

4 FOR the purpose of limiting a certain reemployment earnings offset for certain
5 reemployed retirees of the State Retirement and Pension System to a certain
6 amount under certain circumstances; requiring the Board of Trustees of the
7 State Retirement and Pension System to recover a certain portion of certain
8 retirement income from certain retirees of the State Retirement and Pension
9 System under certain circumstances; providing for the effective date of certain
10 provisions of this Act; providing for the termination of certain provisions of this
11 Act; and generally relating to the reemployment earnings offset for reemployed
12 retirees of the State Retirement and Pension System.

13 BY repealing and reenacting, without amendments,
14 Article – State Personnel and Pensions
15 Section 22–406(c)(1), 23–407(c)(1), 24–405(a), and 25–403(a)
16 Annotated Code of Maryland
17 (2009 Replacement Volume and 2010 Supplement)

18 BY repealing and reenacting, with amendments,
19 Article – State Personnel and Pensions
20 Section 22–406(c)(2), 23–407(c)(2), 24–405(b), and 25–403(b)
21 Annotated Code of Maryland
22 (2009 Replacement Volume and 2010 Supplement)

23 BY repealing and reenacting, without amendments,
24 Article – State Personnel and Pensions
25 Section 24–405(a)
26 Annotated Code of Maryland
27 (2009 Replacement Volume and 2010 Supplement)
28 (As enacted by Chapter 644 of the Acts of the General Assembly of 2009)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, with amendments,
 2 Article – State Personnel and Pensions
 3 Section 24–405(b)
 4 Annotated Code of Maryland
 5 (2009 Replacement Volume and 2010 Supplement)
 6 (As enacted by Chapter 644 of the Acts of the General Assembly of 2009)

7 BY repealing and reenacting, with amendments,
 8 Article – State Personnel and Pensions
 9 Section 27–406(d)
 10 Annotated Code of Maryland
 11 (2009 Replacement Volume and 2010 Supplement)
 12 (As enacted by Chapter 688 of the Acts of the General Assembly of 2010)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 14 MARYLAND, That the Laws of Maryland read as follows:

15 **Article – State Personnel and Pensions**

16 22–406.

17 (c) (1) Except as provided in § 22–407 of this subtitle, the Board of
 18 Trustees shall reduce the allowance of an individual who accepts employment as
 19 provided under subsection (b) of this section if:

20 (i) the individual’s current employer is a participating employer
 21 other than the State and is the same participating employer that employed the
 22 individual at the time of the individual’s last separation from employment with a
 23 participating employer before the individual commenced receiving a service retirement
 24 allowance or vested allowance;

25 (ii) the individual’s current employer is any unit of State
 26 government and the individual’s employer at the time of the individual’s last
 27 separation from employment with the State before the individual commenced
 28 receiving a service retirement allowance or vested allowance was also a unit of State
 29 government; or

30 (iii) the individual becomes reemployed within 12 months of
 31 receiving an early service retirement allowance under § 22–402 of this subtitle.

32 (2) (i) Except as provided in subparagraph (ii) of this paragraph
 33 **AND SUBJECT TO SUBPARAGRAPH (III) OF THIS PARAGRAPH**, the reduction
 34 required under paragraph (1) of this subsection shall equal:

1 1. the amount by which the sum of the individual's
2 initial annual basic allowance and the individual's annual compensation exceeds the
3 average final compensation used to compute the basic allowance; or

4 2. for a retiree who retired under the Workforce
5 Reduction Act (Chapter 353 of the Acts of 1996), the amount by which the sum of the
6 retiree's annual compensation and the retiree's annual basic allowance at the time of
7 retirement, including the incentive provided by the Workforce Reduction Act, exceeds
8 the average final compensation used to compute the basic allowance.

9 (ii) 1. This subparagraph applies to a retiree of the
10 Teachers' Retirement System who as faculty received a 10-month salary and retired
11 directly from:

12 A. the University System of Maryland;

13 B. Morgan State University;

14 C. St. Mary's College; or

15 D. a community college established or operating under
16 Title 16 of the Education Article.

17 2. The reduction required under paragraph (1) of this
18 subsection shall equal the amount by which the sum of the retiree's initial annual
19 basic allowance and the retiree's annual compensation, as calculated in
20 subparagraph 3 of this subparagraph, exceeds the average final compensation of
21 the retiree used to compute the basic allowance.

22 3. The calculation of the retiree's annual compensation
23 in subparagraph 2 of this subparagraph does not include any of the following
24 earnings the retiree received during the previous calendar year from the employer
25 with whom the retiree is reemployed:

26 A. bonuses;

27 B. overtime;

28 C. summer school salaries;

29 D. adult education salary;

30 E. additional temporary payments from special research
31 projects;

32 F. honorariums; and

33 G. vehicle stipends.

1 **(III) 1. ANY REDUCTION TAKEN TO A RETIREE'S**
2 **ALLOWANCE UNDER THIS SUBSECTION MAY NOT EXCEED AN AMOUNT THAT**
3 **WOULD REDUCE THE RETIREE'S ALLOWANCE TO LESS THAN WHAT IS REQUIRED**
4 **TO BE DEDUCTED FOR THE RETIREE'S MONTHLY STATE-APPROVED MEDICAL**
5 **INSURANCE PREMIUMS.**

6 **2. IF A REDUCTION FOR A CALENDAR YEAR TAKEN**
7 **UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH IS LESS THAN THE**
8 **REDUCTION REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE**
9 **BOARD OF TRUSTEES SHALL RECOVER FROM THE RETIREE AN AMOUNT EQUAL**
10 **TO THE REDUCTION REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH**
11 **LESS THE REDUCTION TAKEN UNDER SUBSUBPARAGRAPH 1 OF THIS**
12 **SUBPARAGRAPH.**

13 23-407.

14 (c) (1) Except as provided in § 23-408 of this subtitle, the Board of
15 Trustees shall reduce the allowance of an individual who accepts employment as
16 provided under subsection (b) of this section if:

17 (i) the individual's current employer is a participating employer
18 other than the State and is the same participating employer that employed the
19 individual at the time of the individual's last separation from employment with a
20 participating employer before the individual commenced receiving a service retirement
21 allowance or vested allowance;

22 (ii) the individual's current employer is any unit of State
23 government and the individual's employer at the time of the individual's last
24 separation from employment with the State before the individual commenced
25 receiving a service retirement allowance or vested allowance was also a unit of State
26 government; or

27 (iii) the individual becomes reemployed within 12 months of
28 receiving an early service retirement allowance or an early vested allowance computed
29 under § 23-402 of this subtitle.

30 (2) (i) Except as provided in subparagraph (ii) of this paragraph
31 **AND SUBJECT TO SUBPARAGRAPH (III) OF THIS PARAGRAPH**, the reduction
32 required under paragraph (1) of this subsection shall equal:

33 1. the amount by which the sum of the individual's
34 initial annual basic allowance and the individual's annual compensation exceeds the
35 average final compensation used to compute the basic allowance; or

1 WOULD REDUCE THE RETIREE'S ALLOWANCE TO LESS THAN WHAT IS REQUIRED
2 TO BE DEDUCTED FOR THE RETIREE'S MONTHLY STATE-APPROVED MEDICAL
3 INSURANCE PREMIUMS.

4 **2. IF A REDUCTION FOR A CALENDAR YEAR TAKEN**
5 **UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH IS LESS THAN THE**
6 **REDUCTION REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE**
7 **BOARD OF TRUSTEES SHALL RECOVER FROM THE RETIREE AN AMOUNT EQUAL**
8 **TO THE REDUCTION REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH**
9 **LESS THE REDUCTION TAKEN UNDER SUBSUBPARAGRAPH 1 OF THIS**
10 **SUBPARAGRAPH.**

11 25-403.

12 (a) Except as provided in subsection (h) of this section, an individual who is
13 receiving a service retirement allowance or vested allowance may accept employment
14 with a participating employer on a permanent, temporary, or contractual basis, if the
15 individual immediately notifies the Board of Trustees:

16 (1) of the individual's intention to accept the employment; and

17 (2) of the compensation that the individual will receive.

18 (b) (1) The Board of Trustees shall reduce the allowance of an individual
19 who accepts employment as provided under subsection (a) of this section if the
20 individual's current employer is any unit of State government and the individual's
21 employer at the time of the individual's last separation from employment with the
22 State before the individual commenced receiving a service retirement allowance or
23 vested allowance was also a unit of State government.

24 (2) **(I) [The] SUBJECT TO SUBPARAGRAPH (II) OF THIS**
25 **PARAGRAPH, THE** reduction under paragraph (1) of this subsection shall equal the
26 amount by which the sum of the individual's initial annual basic allowance and the
27 individual's annual compensation exceeds the average final compensation used to
28 compute the basic allowance.

29 **(II) 1. ANY REDUCTION TAKEN TO A RETIREE'S**
30 **ALLOWANCE UNDER THIS SUBSECTION MAY NOT EXCEED AN AMOUNT THAT**
31 **WOULD REDUCE THE RETIREE'S ALLOWANCE TO LESS THAN WHAT IS REQUIRED**
32 **TO BE DEDUCTED FOR THE RETIREE'S MONTHLY STATE-APPROVED MEDICAL**
33 **INSURANCE PREMIUMS.**

34 **2. IF A REDUCTION FOR A CALENDAR YEAR TAKEN**
35 **UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH IS LESS THAN THE**
36 **REDUCTION REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE**
37 **BOARD OF TRUSTEES SHALL RECOVER FROM THE RETIREE AN AMOUNT EQUAL**

1 TO THE REDUCTION REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH
2 LESS THE REDUCTION TAKEN UNDER SUBSUBPARAGRAPH 1 OF THIS
3 SUBPARAGRAPH.

4 (3) The reduction under this subsection does not apply to:

5 (i) an individual who has been retired for 9 years, beginning on
6 January 1, after the date the individual retires;

7 (ii) an individual whose average final compensation was less
8 than \$25,000 and who is reemployed on a permanent, temporary, or contractual basis;

9 (iii) an individual who is serving in an elected position as an
10 official of a participating governmental unit or as a constitutional officer for a county
11 that is a participating governmental unit; or

12 (iv) a retiree of the Correctional Officers' Retirement System
13 who is reemployed on a contractual basis for not more than 4 years by the Division of
14 Corrections, the Division of Pretrial Detention and Services, or the Patuxent
15 Institution in the Department of Public Safety and Correctional Services as a
16 correctional officer in a correctional facility defined in § 1-101 of the Correctional
17 Services Article.

18 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
19 read as follows:

20 **Article – State Personnel and Pensions**

21 24–405.

22 (a) Except as provided in § 24–405.1 of this subtitle and subject to
23 subsections (b), (c), and (d) of this section, an individual who is receiving a service
24 retirement allowance or vested allowance may accept employment with a participating
25 employer on a temporary or contractual basis, if:

26 (1) the employment is not in a regularly allocated position; and

27 (2) the individual immediately notifies the Board of Trustees:

28 (i) of the individual's intention to accept the employment; and

29 (ii) of the compensation that the individual will receive.

30 (b) (1) The Board of Trustees shall reduce the allowance of an individual
31 who accepts employment as provided under subsection (a) of this section if:

1 (i) the individual's current employer is any unit of State
2 government; and

3 (ii) the individual's employer at the time of the individual's last
4 separation from employment with the State before the individual commenced
5 receiving a service retirement allowance or vested allowance was also a unit of State
6 government.

7 (2) (I) [The] SUBJECT TO SUBPARAGRAPH (II) OF THIS
8 PARAGRAPH, THE reduction under paragraph (1) of this subsection shall equal the
9 amount by which the sum of the individual's initial annual basic allowance and the
10 individual's annual compensation exceeds the average final compensation used to
11 compute the basic allowance.

12 (II) 1. ANY REDUCTION TAKEN TO A RETIREE'S
13 ALLOWANCE UNDER THIS SUBSECTION MAY NOT EXCEED AN AMOUNT THAT
14 WOULD REDUCE THE RETIREE'S ALLOWANCE TO LESS THAN WHAT IS REQUIRED
15 TO BE DEDUCTED FOR THE RETIREE'S MONTHLY STATE-APPROVED MEDICAL
16 INSURANCE PREMIUMS.

17 2. IF A REDUCTION FOR A CALENDAR YEAR TAKEN
18 UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH IS LESS THAN THE
19 REDUCTION REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE
20 BOARD OF TRUSTEES SHALL RECOVER FROM THE RETIREE AN AMOUNT EQUAL
21 TO THE REDUCTION REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH
22 LESS THE REDUCTION TAKEN UNDER SUBSUBPARAGRAPH 1 OF THIS
23 SUBPARAGRAPH.

24 (3) The reduction under paragraph (1) of this subsection does not
25 apply to:

26 (i) an individual who has been retired for 9 years, beginning on
27 January 1, after the date the individual retires;

28 (ii) an individual who participates in the Deferred Retirement
29 Option Program established under § 24-401.1 of this subtitle; or

30 (iii) a retiree of the State Police Retirement System who is
31 reemployed by the Department of State Police on a contractual basis as a police
32 employee, as defined in § 2-101 of the Public Safety Article, at a rank of trooper first
33 class.

34 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland
35 read as follows:

36 Article – State Personnel and Pensions

1 24-405.

2 (a) Except as provided in § 24-405.1 of this subtitle and subject to
3 subsections (b) and (c) of this section, an individual who is receiving a service
4 retirement allowance or vested allowance may accept employment with a participating
5 employer on a temporary basis, if:

6 (1) the employment is not in a regularly allocated position; and

7 (2) the individual immediately notifies the Board of Trustees:

8 (i) of the individual's intention to accept the employment; and

9 (ii) of the compensation that the individual will receive.

10 (b) (1) This subsection does not apply to:

11 (i) an individual who has been retired for 9 years, beginning on
12 January 1, after the date the individual retires; or

13 (ii) an individual who participates in the Deferred Retirement
14 Option Program established under § 24-401.1 of this subtitle.

15 (2) **(I) [The] SUBJECT TO SUBPARAGRAPH (II) OF THIS**
16 **PARAGRAPH, THE** Board of Trustees shall reduce an individual's allowance by the
17 amount that the sum of the individual's initial annual basic allowance and the
18 individual's annual compensation exceeds the average final compensation used to
19 compute the basic allowance.

20 **(II) 1. ANY REDUCTION TAKEN TO A RETIREE'S**
21 **ALLOWANCE UNDER THIS SUBSECTION MAY NOT EXCEED AN AMOUNT THAT**
22 **WOULD REDUCE THE RETIREE'S ALLOWANCE TO LESS THAN WHAT IS REQUIRED**
23 **TO BE DEDUCTED FOR THE RETIREE'S MONTHLY STATE-APPROVED MEDICAL**
24 **INSURANCE PREMIUMS.**

25 **2. IF A REDUCTION FOR A CALENDAR YEAR TAKEN**
26 **UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH IS LESS THAN THE**
27 **REDUCTION REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE**
28 **BOARD OF TRUSTEES SHALL RECOVER FROM THE RETIREE AN AMOUNT EQUAL**
29 **TO THE REDUCTION REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH**
30 **LESS THE REDUCTION TAKEN UNDER SUBSUBPARAGRAPH 1 OF THIS**
31 **SUBPARAGRAPH.**

32 SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland
33 read as follows:

1 **Article – State Personnel and Pensions**

2 27–406.

3 (d) (1) **[If] SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IF** a
4 retiree accepts employment as allowed by subsection (a) of this section and is
5 subsequently awarded retirement benefits because of that employment, the Board of
6 Trustees shall reduce the retiree’s benefits under this subtitle by the amount of the
7 retirement benefits resulting from the subsequent employment if the retiree’s current
8 employer is any unit of State government and the retiree’s employer at the time of the
9 retiree’s last separation from employment with the State before the retiree commenced
10 receiving a service retirement allowance was also a unit of State government.

11 (2) (I) **ANY REDUCTION TAKEN TO A RETIREE’S ALLOWANCE**
12 **UNDER THIS SUBSECTION MAY NOT EXCEED AN AMOUNT THAT WOULD REDUCE**
13 **THE RETIREE’S ALLOWANCE TO LESS THAN WHAT IS REQUIRED TO BE**
14 **DEDUCTED FOR THE RETIREE’S MONTHLY STATE-APPROVED MEDICAL**
15 **INSURANCE PREMIUMS.**

16 (II) **IF A REDUCTION FOR A CALENDAR YEAR TAKEN UNDER**
17 **SUBPARAGRAPH (I) OF THIS PARAGRAPH IS LESS THAN THE REDUCTION**
18 **REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE BOARD OF**
19 **TRUSTEES SHALL RECOVER FROM THE RETIREE AN AMOUNT EQUAL TO THE**
20 **REDUCTION REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION LESS THE**
21 **REDUCTION TAKEN UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.**

22 SECTION 5. AND BE IT FURTHER ENACTED, That Section 3 of this Act
23 shall take effect on the taking effect of the termination provision specified in Chapter
24 644, § 3 of the Acts of the General Assembly of 2009. If that termination provision
25 takes effect, Section 2 of this Act shall be abrogated and of no further force and effect.
26 This Act may not be interpreted to have any effect on that termination provision.

27 SECTION 6. AND BE IT FURTHER ENACTED, That Section 4 of this Act
28 shall take effect on the taking effect of the termination provision specified in Chapter
29 688, § 2 of the Acts of the General Assembly of 2010. This Act may not be interpreted
30 to have any effect on that termination provision.

31 SECTION 7. AND BE IT FURTHER ENACTED, That, subject to the provisions
32 of Sections 5 and 6 of this Act, this Act shall take effect July 1, 2011.